A Theoretical Framework on ‘Future Cash Inflows, Present Cash Flows In Economy’, and Economic Growth

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Abstract

This paper presents a comprehensive theoretical model explaining how present cash inflows, future cash inflows, investment cycles, consumer activity, supply-chain dynamics, and the time value of money govern economic growth. The research integrates macroeconomic principles with a new conceptual structure called the **Future Cash Inflow Theory**, which explains how present monetary actions transform into future economic strength.

Additionally, the paper includes **figures, diagrams, and equations** to mathematically and visually represent the flow of money within an economy.

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1. Future Value of Present Investment

The **future value (FV)** of present investment depends on the **growth rate** of the sector. Higher growth = higher future return.

Concept Equation

[FV = PV(1 + g)]

Where:
PV = Present Value of Investment
g = Growth Rate of Sector

Government investments return value through:

- Higher tax revenues
- Increased consumption
- Industrial productivity
- Long-term economic expansion

Figure 1: Growth–Return Cycle (Vertical)

Present Investment

Sector Growth

Future Value ↑

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2. Investment and Cash Inflows

Investments by **government**, **domestic investors**, and **foreign investors** increase the nation's **cash inflows**.

Cash Inflow Growth Relationship

$$FV_{Cash\ Inflow} > PV_{Cash\ Inflow}$$

(if Economic Growth > 0)

Figure 2: Investment → Jobs → Income → Spending (Vertical)

Investment

|
▼
Job Creation
|
▼
Income Generation
|
▼
Consumer Spending ↑

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3. Types of Future Cash Inflows

There are two types:

1. **Future Value of Present Cash Inflows**
2. **Future Cash Inflows from New Investments**

Equation

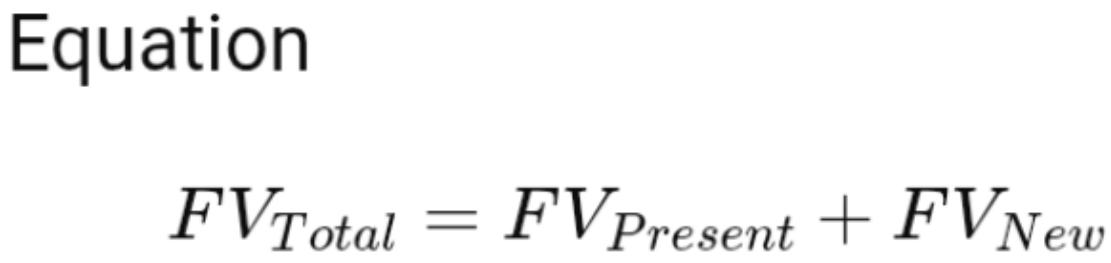

Figure 3: Present to Future Cash Flow Conversion (Vertical)

Present Cash Inflows
|
▼

Economic Growth
|
▼
Future Cash Inflows ↑

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4. Series of Cash Inflows

Series of Present Cash Inflows (SPCI)

SPCI = ∑(Exports + Bonds + Investment + Consumer Spending + Business Inflows)

Series of Future Cash Inflows (SFCI)

SFCI = ∑ (New Exports + New Investments + New Tourism)

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5. Consumer-Driven Cash Inflows

Consumers exist in past, present, and future. Thus, consumer-based cash inflows are permanent.

Four Consumer Cash Inflows

1. Spending
2. Investing
3. Saving
4. Borrowing & Repayment

Note :- Spending,investment and borrowings are cash outflows for Consumer but It is Cash inflows for Economy because Money is flowing in Economy through Consumer. Most of the Consumers put savings in the bank.

Equation

$$C_{Total} = C_s + C_i + C_{save} + C_b$$

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6. Decision Maker Role

Correct decision-making by policymakers determines the economic direction.

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7. Spending, Investing, Borrowing, Saving

These depend on:

- Income
- Job Security
- Purchasing Capacity

Figure 4: Individual Money Cycle (Vertical)

Income

Spending / Saving / Investing / Borrowing
  |
  ▼
Economic Cash Inflow ↑

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8. Fund Raising and Fiscal Deficit

A global fund for crises (like pandemics) can reduce fiscal deficits.

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9. Supply Chain Importance

Strong supply chains increase:

- GDP
- Tax revenue
- Production
- Employment

Figure 5: Supply Chain → Taxes (Vertical)

Production
  |
  ▼
Distribution
  |
  ▼
Sales
  |
  ▼
Tax Revenue ↑

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10. Time Value of Money (TVM)

Present money is more valuable because:

- It can be invested
- It prevents recession
- It grows over time

Equation

$$FV = PV(1 + r)^t$$

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11. Money Flow Dynamics

Cash Inflows:

- Government spending
- Business operations
- Consumer spending
- Investments

Cash Outflows:

- Imports

- Foreign debt payments
- Capital outflows

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12. Government & Reserve Actions

Government-pumped money flows through supply chains and becomes internal economic cash inflow.

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13. Cash Outflows

Money leaving the country (imports, foreign liabilities) reduces economic strength.

Note :- Spending,investment and borrowings are cash outflows for Consumer but It is Cash inflows for Economy because Money is flowing in Economy through Consumer. Most of the Consumers put savings in bank.

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14. Present vs. Future Money Flow

Present money flow:

- Prevents recession
- Drives consumption
- Builds foundation for future money flows

Equation

$$FV_{Money\ Flow} = PV_{Money\ Flow}(1 + Growth)$$

Conclusion

Strong present cash inflows create powerful future economies. As investments, consumer activity, and supply chains strengthen cash flows, the future value of present money rises. Effective policymaking and stable income ensure long-term economic momentum.

Equations Added

1. Total Present Cash Inflow

$$PCI = E + I_d + I_f + C_s + C_i$$

Where:

- E = Export revenue
- I_d = Domestic investment
- I_f = Foreign investment
- C_s = Consumer spending
- C_i = Consumer investing

2. Future Cash Inflow Projection

$$FCI = (PCIimesg) + I_f^{new} + I_d^{new}$$

Where:

- g = Growth rate of economy
- I_f^{new} = New foreign investment
- I_d^{new} = New domestic investment

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3. Resultant Cash Flow of Economy

$$RCF = TCI - TCO$$

Where:

- TCI = Total Cash Inflow
- TCO = Total Cash Outflow

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4. Consumer Spending Function

$$C = a + bY$$

Where:

- a = Autonomous spending
- b = Marginal propensity to consume
- Y = Income

5. Supply Chain Revenue Multiplier

$$SCM = 1 + r_1 + r_2 + r_3 + ... + r_n$$

Where:

- r_n = Revenue generated at each supply chain stage